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SUBJECT: KING MOHAMMED VI LAUNCHES MAJOR ECONOMIC GROWTH
AND ANTI-POVERTY PROGRAM

Classified By: Acting Deputy Chief of Mission Michael Koplovsky for Reasons 1. 4 B and D.

11. (C) SUMMARY: During a nationally televised address on May 18, King Mohammed VI announced a major government initiative to combat poverty, create jobs, improve infrastructure, and open the Moroccan economy. The speech's timing -- almost to the day of the second anniversary of the May 16, 2003 Casablanca bombings -- was not coincidental. The King stressed the need to prioritize the GOM's efforts and outlined specific steps targeting the poorest rural areas and worst urban slums. While the plan mirrors closely the broad outlines of his reform initiatives and of the three-year old "Jettou Plan," it was far more detailed and specific and hinted at the King's frustration with the implementation of his reform vision. The announcement also coincides with ongoing efforts by key GOM ministries to develop the MCA Compact proposal and may signal the start of the expanded consultative dialogue within Moroccan society. END SUMMARY.

12. (C) On May 18, King Mohammed VI announced his "National Initiative for Human Development" during a televised address in prime time. The King stressed that the plan was intended to consolidate social, economic, and development factors with the overall rule of law and other political reform efforts. Accordingly, the initiative is a recognition of the need to address underlying poverty issues that threaten Morocco's social harmony and thus the long-term viability of the reform effort.

Guiding Principles:
Comprehensive and Targeted

13. (U) The King outlined four major principles behind the new program:

-- A recognition, based on both macro- and microeconomic analysis and direct observation, of the significant segment of the population living in poverty, particularly in rural areas and in urban slums. The King acknowledged that such areas have inadequate access to social services and other forms of material support.

-- A reduced reliance upon charity and ad-hoc approaches to social problems. To address the problems and improve social conditions, Morocco can no longer rely on charitable acts but requires a comprehensive and systematic government program. Only the government, he stressed, could ensure sustainable development through integrated public policies.

-- A reaffirmation of Morocco's commitment to further opening to the global economy. However, the King stressed that Morocco would do so while addressing the challenges that such an opening presents to vulnerable segments of society. In order to ensure success, he said that all Moroccans must participate in this effort.

-- An openness to international experience and expertise. The King said Morocco should draw lessons from the past successful efforts of other countries to address poverty. Specifically, the King said a rigorous definition of objectives and a comprehensive program were critical to success.

14. (C) Indeed, the King also rejected sectoral or area specific programs in favor of what he called an "integrated development approach" (echoing MCA messages). The current diffuse approach often led to dysfunctional outcomes resulting from the dispersion of efforts, resources, and players. Nevertheless, the King again stressed that his program, recognizing limited resources, would concentrate on the most vulnerable areas. Finally, the King tasked the government with engaging in a dialogue with the country in developing the initiative, and asked it to adopt an action plan based on good governance principles.

15. (U) The King described the initiative as neither a

specific project nor a program targeting current economic challenges, but as a perpetual, ongoing policy initiative. Indeed, he characterized the need to improve human capital, increase national economic competitiveness, and promote investment as "permanent struggles." He focused much of his speech on rural development and viewed education and training as essential tools for increasing social and economic mobility and citizens' participation in society.

Plan of Action and Priorities

16. (U) King Mohammed VI then described three specific areas of emphasis to implement this initiative. First, the program would expand access to basic social services, including health, education, water, and power. Second, the program focuses the need to promote job creation while simultaneously ending child labor. He called on the government and others to use the upcoming national meetings on labor to make specific proposals on the child labor issue. Finally, the King said the program would first offer assistance to people with the greatest need. The initiative would use objective criteria to determine such priorities. As a result of this ranking, the King said that the initial phase would target 360 poor rural communities and 250 urban and suburban slums and old medinas.

Time Frame Targets for
Implementation and Evaluation

17. (SBU) The King outlined immediate, medium, and long range targets for implementation. In the short-term, the King tasked Prime Minister Driss Jettou with developing the initiative into a concrete plan of action with integrated and specific programs within three months. In the medium term up to the 2007 elections, the King pressed political parties to give priority to the development of the initiative's projects (indeed, rumor has it that the Prime Minister's annual question and answer session before Parliament was postponed earlier this week until next week so that he can answer all of the MPs questions regarding the new initiative). Over the long-term, the King's specific goal is to raise the key socio-economic indicators of Moroccan citizens to the levels of a developed country. Jettou was given three years to deliver results at the end of which the GOM would evaluate the initiative's impact.

Budgetary Resources

18. (U) Jettou was also charged with submitting a budget proposal for the initiative at a special session of Parliament. The King said the initiative will require "substantial" and "annual" resources to be itemized in the federal budget. He called for financing measures that were efficient and effective. However, he promised Moroccans that the no new personal and business taxes would be levied to finance the program. While no specific figures were given in the speech, Minister of Social Development Abderrahim Harouchi has told the press the initiative would cost approximately one billion Dirhams per year (about USD 900 million).

Comment

19. (C) The King's address was remarkable in both its scope and content. While in harmony with his overall reform efforts since taking office and with the economic reform plan launched by Prime Minister Jettou in 2002 (particularly its focus on health care, education, and housing), the King's speech was very specific. In particular, the emphasis on targeting specific slums and the calls to end child labor revealed that the Palace had spent some time developing the initiative. Most importantly, the speech did hint at a sense of urgency and frustration on the part of the King, particularly the references to the 2007 elections and the criticism of haphazard and uncoordinated programs (an apt description of previous Moroccan reform efforts).

10. (C) The timing of the speech -- on the anniversary of the May 2003 Casablanca bombings and, on the Islamic calendar, his father's death -- could not have been coincidental. The King has now acknowledged publicly and in dramatic fashion what GOM officials have told us regularly in private meetings: until the government can address the underlying socio-economic causes of extremism (particularly a lack of jobs and education), the overall reform experiment in Morocco could be in jeopardy. The speech had much in common with speeches of leaders preparing their people for a long and difficult war. Indeed, the King referred repeatedly to the

reform effort as a permanent or long-term struggle.

11. (C) Accordingly, the King appealed to a renewed sense of patriotism and called on his citizens' sense of responsibility and self-sacrifice. In return, he promised them that his government would no longer rely heavily on Moroccans' traditional value of charity to address the challenges ahead but would instead implement a specific and far reaching program with a robust budgetary commitment. His rejection of charity as a solution may signal an attempt to take back the initiative from Islamic groups, many of whom filled the void in public services (particularly education) in the slum areas. References to balancing the opening of the Moroccan economy with protection of vulnerable segments of the economy were reminiscent of the FTA negotiations may be intended to prepare Moroccans for the imminent implementation of the agreement. His calls for an expanded dialogue between government and the people may also coincide with Morocco's Millennium Challenge Account compact negotiation process. Post believes that many of the specific objectives and priorities enunciated in the speech will be used in the MCA dialogue process and will figure prominently in Morocco's eventual proposal to the MCC.

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